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Committee on Resources

Subcommittee on Energy and Mineral Resources

Field Oversight Hearing

Reno, Nevada

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"Responsible Domestic Resource Development and Economic Stability

– The Role of the Hard Rock Mining Industry"

Statement of Russ Fields
President, Nevada Mining Association

Thank you, Mr. Chairman and members of the subcommittee. My name is Russ Fields and I am the President of the Nevada Mining Association. On behalf of the 300 plus member companies that make up the Nevada Mining Association I appreciate the opportunity to testify today regarding the role of the hardrock mining industry in the responsible development of our domestic mineral resources and the economic benefits afforded on all citizens by mineral development. In spite of the existence today of various topics directly affecting hard rock mining in Nevada, my focus today will be on the need for land transfers and the benefits to Nevadans.

With close to ninety percent of the land in Nevada being managed by the federal government, Nevada is at an economic disadvantage compared to the other 49 states. It has a smaller property tax base with which to pay for the services it provides to its growing population; the fastest growing for the past decade. Among the 48 conterminous states it has the smallest percentage of private land base from which to launch any expansion of its economy. And due to the large amount of public lands, it has an ever-growing stream of federal regulations that limit traditional economic development such as ranching, and mining on these lands.

Although regulatory reform would provide some relief, it is usually a slow and somewhat ineffective process. On the other hand the sale of federal lands directly to the private sector through direct Congressional legislation is not slow or ineffectual. For example the proposed sale of public lands in northeastern Nevada found in H.R. 2869, "Northern Nevada Rural Economic Development and Land Consolidation Act of 2003", sponsored by Congressman Gibbons, will immediately place much needed land in to the property tax base of various Nevada counties. It will also streamline a duplicative Federal/State permitting process.

Mining is important to Nevada, especially to the rural communities that depend on the development of natural resources for their livelihood. A livelihood that by the way provides many of the raw materials that sustains this country's overall quality of life. Mining provides these communities with high paying jobs. Almost twice as high as the state's average annual wage. These jobs in turn pay for homes, buy food and services, all of which generate tax revenues for both local and state government.

A key component to economic stability is the sustainability of the mining industry. In Nevada nothing is more critical to sustainability than access to public lands for exploration that will eventually lead to the replacement of mined out reserves. Exploration is the lifeline of mining. Yet, duplicative regulations at the Federal and State level, unsubstantiated delays in the issuance of permits of exploration plans, and arbitrary limits on access to lands cumulatively tend to drive exploration out of Nevada. We are confident that the transfer of public lands, like those in H.R. 2869, to private ownership will do much to encourage and facilitate exploration.

Furthermore, in 1994 the first moratorium against patenting of mining claims was put in to place. As this committee knows patenting activity has been at a standstill ever since. Although we are hopeful that this moratorium will be lifted soon, there is nevertheless no viable mechanism today for mine operators to transfer public lands into private ownership. A type of ownership that provides operating certainty, a critical issue for major long-term capital investments by mining companies.

Meanwhile, the sustainability of a rural community depends on the continuity of economic development that will fill the void once the mines play out. Yet mines, by their very nature, are rich in industrial infrastructure and can play a vital role in post mining economic development as long as this residual infrastructure can be utilized to attract other industries. The transfer of public lands to private ownership will facilitate the utilization of this residual infrastructure (i.e. roads, substations, power lines, lakes, etc) for industrial development. Industrial development, that due to Nevada's climate and topography could include renewable energy farms.

But most importantly, the transfer of public lands in to non-federal ownership will place the decision making process on land use squarely where it belongs, at the local level. It is here where the greatest accountability resides: with the elected state officials and their agency appointees. It resides with the elected state legislature and with the state and local process of constructing regulations and implementing them. Finally it resides with those communities whose very existence depends on the wise and prudent use of the land. Land that even in private ownership remain subject to Federal Acts such as the Clean Water, Clean Air, Safe Drinking Water, and others that would remain in effect through delegated approved state programs.

In addition, mining in Nevada has demonstrated over and over again that it can be a good steward of the land, and its people. Mining companies in Nevada are recognized annually by both State and Federal regulatory agencies for excellence in reclamation, and for the safety and health of its workers. A number of these companies competed this year for BLM's first national reclamation award.

Besides unshackling the economy of Nevada, additional benefits of these transfers include:

- A reduction in the number of project-by- project NEPA reviews
- Facilitation of bonding and the eventual releases of reclamation bonds
- Unburdening of the regulatory and judicial systems from costly environmental appeals and litigation.
- Saving State and Federal taxpayers money

Recognizing that not all public lands in Nevada are currently under consideration for transfer, a second topic I wish to apprise you of is our on going effort in Nevada to seek the partial delegation of BLM's responsibilities under section 3809 of CFR 43 Hardrock Mining Regulations dealing specifically in the area of reclamation bond calculations. Like other Federal agency delegations of program primacy to states, this delegation must include the pass through of program funds to the appropriate state agencies.

Efforts to date include the identification of duplicative activities between the State agencies and the BLM that unnecessarily prolong the permitting process, such as the estimation of reclamation costs. Since the state already does most of this work, it would save all parties time and money to have mutually acceptable standard reclamation costs and have only one agency do the calculations. It is anticipated that future opportunities for streamlining the permitting process will be identified, along with additional program delegation.

Nevertheless, without the progressive legislation and continuous streamlining of the administrative process called for in this testimony, these rural communities will find it increasingly difficult to keep Nevada as the world's third largest producer of gold. A strategically important component in the electronics industry, an industry that in turn is of strategic importance to the defense of this nation.

In closing, I urge this committee to continue its efforts to free up our country's economic engines in a wise and prudent manner, and to support the implementation of current laws like PL 105-263, also known as the "Lincoln County Land Act of 2000", and future legislation, like previously mentioned H.R. 2869, that facilitate the transfer of public lands in to private ownership. In Nevada, for example, such legislation would put control of Nevada's economic viability back in the hands of Nevadans.